

LOUISIANA STATE POLICE
GUIDELINES FOR THE INDEPENDENT CPA IN THE PREPARATION OF THE
QUARTERLY AUDIT OF ADJUSTED GROSS RECEIPTS/GROSS GAMING REVENUES

In accordance with LA. R.S. 42:IX.2711.I (Land Base), LA. R.S. 42:XIII.2711.I (Riverboat), and LA. R.S. 42:VII.2711.I (Slots at the Tracks), each Casino/Licensee shall engage an independent CPA to conduct a quarterly audit of the Gross Gaming Revenues/Adjusted Gross Receipts. This report shall be submitted to the Division not later than sixty days after the last day of the applicable quarter. The following guidelines for conducting the audit should be incorporated into your current procedures.

REQUIRED PROCEDURES:

1. Internal control minimum procedures should be performed on all gaming revenue transaction cycles such as table games, electronic gaming devices (EGD ' s) and functional areas such as cage operation and issuance of credit. The Division has standard internal control questionnaires and criteria the Independent CPA should use for these transaction cycles and functional areas. (These procedures may be conducted as part of the compliance testing and findings may be incorporated in the report on the Casino ' s compliance with their written system of internal controls. Independent CPA performing only the Quarterly Audit of Gross Gaming Revenues/Adjusted Gross Receipts need not complete the Questionnaire.)
2. Reconcile the Casino ' s daily gaming revenue from the count room, other source documentation, and the Gaming Revenue Report to amounts posted in the general ledger and to the Monthly and Quarterly Financial Reports. Forward list of days tested to the Division with the Quarterly Audit Report.
3. Procedures used to reperform steps and recalculate figures should be performed following guidelines and steps outlined in LA. R.S. 42:IX.2735 for Gross Gaming Revenue computations, LA. R.S. 42:XIII.2735 for Adjusted Gross Receipts computation and LA. R.S. 42:VII.2735 for Net Slot Machine Proceeds computation.
4. Determine if material exceptions found by the audit and/or accounting department(s) are investigated and handled in a timely manner.
5. Review sections of the Internal Control System and the Division ' s regulations relating to Gross Gaming Revenue/Adjusted Gross Receipts.
6. Randomly select at least three days and based on judgment, select one day corresponding to a month end for testing of Gross Gaming Revenue/Adjusted Gross Receipts. (total of four days). The days selected must be listed in the Audit Report, unless submitted to the Division under a separate cover.
7. Gross Gaming Revenue/Adjusted Gross Receipts procedures for the days selected:
 - a. Test the mathematical accuracy of the Gaming Revenue Report.
 - b. Trace the information on the Gaming Revenue Reports to the master games and end-of-day

reports.

8. Table game procedures for the days selected:
 - a. Trace the soft count drop per the daily computation of Gross Gaming Revenue/Adjusted Gross Receipts and Gaming Revenue Reports to the master games report.
 - b. Examine the master games report (count sheet) to determine if it contains the signatures of the soft count team members.
 - c. Trace the transfer of soft drop accountability from the soft count team to the cage department.
 - d. Obtain table fill slips, credit slips and markers (if transacted) for each day selected and perform the following (all slips).
 - i. Trace all table fill/credit slips and markers per the daily computation of Gross Gaming Revenue/Adjusted Gross Receipts and Gaming Revenue Report to the master games report.
 - ii. Agree the total per the fill/credit slip report and marker report to total fills/credits and markers per the master games report.
 - iii. Perform the following procedures for each day selected:
 - Agree the table fill/credit slip to the requests and acknowledgments.
 - Examine the fill/credit slips and markers to determine if they contain the required signatures. Procedures should include request slips when applicable.
 - Recalculate the fill/credit slips for mathematical accuracy.
 - iv. Examine markers issued in the pit from the days selected during the period to determine if they contain the required information, were signed by the appropriate personnel, and have matching marker transfer slips with the appropriate information and signatures.
 - e. Obtain the table games chip inventory for the days selected for testing and perform the following (all slips):
 - i. Agree the opening inventory to the previous day's master games report.
 - ii. Trace the opening and closing table game inventory from the master games report to the table game inventory form and examine the form for evidence that it was signed by either two pit supervisors or one pit supervisor and one dealer/boxperson.
 - iii. Recalculate the change in table game inventory for mathematical accuracy.

- iv. Agree the total table opening and closing inventory from the master games report to the Gaming Revenue Summary.
 - f. Examine the voided transactions from days selected during the period to determine if they contain the required information and were signed by the appropriate personnel.
 - g. For all exceptions related to the recording of revenue noted during the testing, perform the following:
 - i. Review exception reports prepared by revenue audit related to the recording of revenue (if any) for days selected.
 - ii. Determine that exceptions are properly investigated and resolved by management.
 - h. Compare the table game hold percentages by game type by month to prior month, and corresponding month in the previous year. Investigate and discuss unusual fluctuations with management.
 - g. Compare the calculation of Gross Gaming Revenue/Adjusted Gross Receipts reported to the Division to the Casino ' s monthly summary of the Gaming Revenue Report prepared by management.
 - h. Agree the components of the Gross Gaming Revenue/Adjusted Gross Receipts reported to the Division with the Casino ' s monthly summary of the Gaming Revenue Report prepared by management
9. Electronic Gaming Device procedures for the days selected:
- a. Trace the hard count drop per the daily computation of Gross Gaming Revenue/Adjusted Gross Receipts and Gaming Revenue Report to the hard count drop reconciliation including the following:
 - i. Agree bill validator drop to the slot information system report.
 - ii. Compare token weigh to wrap and the wrap to the slot information system.
 - iii. Compare the variance between the actual bill validator drop and the estimated drop as reported from the slot information system.
 - b. Trace the transfer accountability of the hard drop from the hard drop team ' s count sheets to the cage department.

- c. Obtain the daily fill and jackpot slips and perform the following:
 - i. Total all electronic gaming device fill and jackpot slips and trace to the daily computation of Gross Gaming Revenue/Adjusted Gross Receipts and Gaming Revenue Report.
 - ii. Select at least five jackpots and hopper fill slips from each day and perform the following:
 - Examine the jackpot/fill slips for evidence that is supported by a request for jackpot/payout and was fully completed and contains the required signatures.
 - Agree the jackpot/fill slips to the request slips.
 - d. Agree the components of the Gross Gaming Revenue/Net Gaming Proceeds. reported to the Division with the Casino ' s monthly summary of the Gaming Revenue Report reports prepared by management.
 - e. Examine voided transactions from days selected during the period to determine that they were signed by the appropriate personnel.
 - f. For all exceptions related to the recording of revenue noted during the testing, perform the following:
 - i. Review exception reports prepared by revenue audit related to the recording of revenue (if any) for days selected.
 - ii. Determine that exceptions are properly investigated and resolved by management.
 - g. Compare the slot machine theoretical hold versus actual hold by machine denomination for the current year. Investigate and discuss unusual fluctuations with management.
10. Agree management ' s monthly summary of the Gaming Revenue Reports to the Division ' s Monthly Activity Report for each month during the period. (The Casino is required to present monthly data on the Quarterly Financial Report as well as the quarterly data.)
11. Compare the Gross Gaming Revenue/Adjusted Gross Receipts reported to the Division to the Gross Gaming Revenue/Adjusted Gross Receipts recorded in the general ledger for each month during the period.

12. Read management ' s explanation for adjustments greater than \$25,000 reported to the Division during the period.
13. Ascertain that all adjustments greater than \$25,000 have approved by the Division
14. Chip and token float procedures:
 - a. Verify the ending chip and token float month to month by comparing the ending balance from the last day of the previous month to the first day of the next month.
15. Inventory procedures:
 - a. Agree chips and tokens available to the perpetual inventories maintained by the accounting department.
 - b. Trace the amount of chips and tokens shown in the prior quarter's perpetual inventory ending balance, to the beginning balance of the new quarter's cage accountability forms and to the amount of chips and tokens on hand used in the float calculation.
 - c. Agree table game chip inventory to the master game report for each of the four sample days selected.
 - d. Recalculate the chip and token float and the change in chip and token float for mathematical accuracy **for each of the four sample days selected.**
16. Concluding procedures:
 - a. Confirm the total Gross Gaming Revenue/Adjusted Gross Receipts for the quarter with the Division ' s Monthly Activity Reports. Reconcile any differences that exist. ***This report must be submitted within 60 days subsequent to the last day of the applicable quarter.***
 - b. When applicable, the Independent CPA's report shall include a paragraph detailing any procedures in these guidelines not performed during the quarterly audit.